

## Sustainability Indicator 1: Financial Performance

The Financial Performance Indicator evaluates the charter school's fiscal short-term performance and long-term sustainability. The following criteria and their measures make up the Financial Performance Sustainability indicator.

### Annual Rating

*The annual rating summarizes the performance on the indicator's criteria.*

	Meets Expectations	Approaches Expectations	Does Not Meet Expectations
	For 1.1, 1.2, 1.3, 1.4, and 1.5, no more than one criterion is rated as "Approaches" and all others are rated as "Meets."	For 1.1, 1.2, 1.3, 1.4, and 1.5, no more than one criterion is rated as "Does Not Meet" and all others are rated as "Approaches" or "Meets."	For 1.1, 1.2, 1.3, 1.4, and 1.5, two or more criteria are rated as "Does Not Meet."

### 1.1 Current Ratio

*Does the organization's current ratio indicate that its current assets can cover its current liabilities?*

Calculation: Current Assets / Current Liabilities

Data Source: Audited Financial Statements

	Meets Expectations	Approaches Expectations	Does Not Meet Expectations
	Current ratio is equal to or greater than 1.	Current ratio is between .9 and 1	Current ratio is below .9

### 1.2 Unrestricted Days of Cash\*

*For how many days can the organization pay its expenses without another inflow of cash?*

Calculation: (Unrestricted Cash & Equivalents x 365 Days) / (Total Operating Expenses - Annual Depreciation)

Data Source: Audited Financial Statements

*\* The financial structure of District charter schools may not allow for this calculation to be made.*

	Meets Expectations	Approaches Expectations	Does Not Meet Expectations
	School has 60 days or more of unrestricted cash on hand.  OR  School has between 30 and 60 days of cash and one-year trend is positive.	School has between 15 and 30 days of unrestricted cash  OR  School has between 30 and 60 days of cash and one-year trend is negative.	School has 15 days or less of unrestricted cash on hand

### 1.3 Debt to Asset Ratio

*Does the school have a low level of debt relative to assets?*

Calculation: Total Liabilities / Total Assets

Data Source: Audited Financial Statements

	Meets Expectations	Approaches Expectations	Does Not Meet Expectations
	School's debt to asset ratio is less than 0.90	School's debt to asset ratio is between .9 to 1, inclusive	School's debt to asset ratio is greater than 1

### 1.4 Total Margin & 3-Year Aggregate Total Margin

*Does the school have a positive net income relative to its total revenues? Does the school have a positive three-year net income relative to its total three-year revenue?*

Calculation: TM = Net Income / Revenue 3ATM = Total 3yr Net Income / Total 3yr Revenue

Data Source: Three years of Audited Financial Statements

	Meets Expectations	Approaches Expectations	Does Not Meet Expectations
	Aggregated three- year total margin is positive	Aggregated three- year total margin is negative	Aggregated three- year total margin is negative
	AND	OR	AND
	The most recent year total margin is positive	The most recent year total margin is negative	The most recent year total margin is negative

### 1.5 Debt Service Coverage Ratio

*Does the school have the ability to cover its debt obligations in the current year?*

Calculation: (Net Income + Depreciation + Interest Expense / (Annual Principal, Interest, and Lease Payments)

Data Source: Audited Financial Statements and school-provided annual principal and interest obligations

	Meets Expectations	Does Not Meet Expectations	
	School's debt service coverage ratio is greater than or equal to 1.1	School's debt service coverage ratio is less than 1.1	